

Office of Legacy Management

Human Capital Management Plan Fiscal Years 2007 - 2010



Prepared September 2006

EXECUTIVE SUMMARY

The Office of Legacy Management (LM) was established in December 2003 to be the steward of the Nation's Cold War nuclear legacy. LM is responsible for the environmental remedies, beneficial reuse, and records and information associated with over 60 sites that contributed to the production of nuclear weapons and nuclear energy research but no longer support a DOE mission. LM is also responsible for the oversight of pension plans and post-retirement benefits for retired contractor workers formerly employed at those sites. To accomplish the mission, LM relies heavily on the private sector and expects to nearly double the ratio of contractors to federal employees over the next three years as scope increases and federal full time equivalents (FTE's) decrease.

LM was created from four separate organizations. Those organizations had different missions, cultures, and geographic locations. Analysis of the initial federal staff identified major skill and grade mix issues for the mission assigned. LM was created two years prior to a major increase in scope—the transfer of three major DOE sites and two dozen smaller sites following the completion of active remediation. To resolve the federal staffing issues and allow the new organization time to prepare for the increase in scope, DOE exempted LM from a review under OMB Circular A-76, *Competition for Commercial Activities*. This exemption was granted under the condition that LM pursue HPO as part of its human capital management strategy. In June, 2006 LM submitted its HPO report setting forth its accomplishments to date and plans for the initial HPO period (FY2007-FY2010).

By FY 2010 LM's scope is expected to increase from \$70 million to \$220 million . That scope increase includes the addition of about 30 new sites; this will cause the environmental surveillance and maintenance costs to double to about \$50 million per year. LM will also receive responsibility for 140,000 cubic feet of paper records, more than 100 different applications, databases, and stand-alone systems, and eight terabytes of information. The largest contributor to the scope increase is the transfer of responsibility for meeting contract requirements of approximately \$100 million per year for contractor pension plans and post-retirement benefits associated with roughly 14,000 retired contractors. Finally, LM is focused on achieving beneficial reuse (solar, wind, grazing, forestry, industrial, educational, conservation) at ~70 percent of our sites and the disposal of federally owned properties.

LM prepared its first Human Capital Management Plan (HCMP) in March 2004 and revised that plan for FY2006. With the completion of the HPO report, and its acceptance by the Department's Executive Leadership, LM is revisiting and updating the HCMP to reflect improvements made to date and human capital management plans incorporated in the HPO plan.

LM VISION, MISSION, VALUES, LEADERSHIP PHILOSOPHY, GOALS AND PERFORMANCE MEASURES

VISION STATEMENT:

“Proud to be a global leader, cost effectively managing post-closure responsibilities in a way that best serves the DOE contractor workforce, communities, and the environment.”

LM MISSION:

As described in the LM Strategic Plan, LM’s mission and primary goals are to:

Manage the Department’s post-closure responsibilities and ensure the future protection of human health and the environment. LM has control and custody for legacy land, structures, and facilities and is responsible for maintaining them at levels suitable for their long-term use.

- Protect human health and the environment through effective and efficient long-term surveillance and maintenance.
- Preserve, protect, and make accessible legacy records and information.
- Support an effective and efficient work force structured to accomplish Departmental missions and assure contractor worker pension and medical benefits.
- Manage legacy land and assets, emphasizing protective real and personal property reuse and disposition.

To facilitate mission accomplishment, and to institutionalize the HPO focus of the organization, LM developed shared core values and a leadership philosophy.



Office of Legacy Management Leadership Philosophy



We are diverse, talented, knowledgeable, and dedicated people committed to public service and to the success of Legacy Management. We are trustworthy stewards of DOE’s intergenerational legacy responsibilities and of the American tax dollars.

Our full potential is realized through teamwork, respecting each other, promoting open communication and productivity, and supporting creativity and initiative. We trust each other, and we feel responsible for and dedicated to each other’s success.

Through our leadership and commitment, holding ourselves accountable for producing superior quality products, we – the DOE Office of Legacy Management – can best achieve our shared goals. Each of us shares responsibility for creating a safe work environment with clear goals, mutual support, and opportunities for continuous growth and improvement.



Office of Legacy Management Core Values



People – People are our most important resource. The integrity of our people and our products are paramount. We respect, use, and rejoice in our experience, skills, and diversity.

Business Excellence – We understand that we are spending the taxpayers’ hard-earned dollars. We are fiscally responsible, quality conscious, performance oriented and will actively pursue best business practices in all areas of operation.

Safety – We will work safely to protect our human and material resources or cease work until safe work practices can be re-implemented. We will promote safe work practices within the office and at our sites at all times.

Communication – Open communication – written, verbal, and electronic – is vital to our success. We will take the fullest advantage of our virtual organization’s strengths. Information flows openly from bottom to top, top to bottom, within, and across all levels of the organization.

Leadership and Teamwork – We value leadership at all levels of the organization. We work best in teams: our teams are adaptable, creative, communicate well, demonstrate respect, and enjoy their work and each other.

Customer Service – We serve a broad clientele. We openly communicate with all our customers in a timely manner and actively seek opportunities to improve our services.

Environmental Consciousness – We respect the environment, support environmental justice, and comply with environmental laws, regulations, and agreements. We make informed decisions based on a thorough understanding of science, the law, and, after consultation, with our communities.



Legacy Management Goals and Performance Measures



Goal 1

Protect human health and the environment through effective and efficient long-term surveillance and maintenance (LTS&M)

Reduce the cost of performing long-term surveillance and monitoring activities while meeting all regulatory requirements to protect human health and the environment. Reduction is measured in percent from the budget baseline. Goal is a 2% reduction below the baseline for that year.

Reduce the cost of performing long-term surveillance and monitoring activities while meeting all regulatory requirements to protect human health and the environment. Reduction is measured in percent from the baseline. Goal is a 10% reduction by 2015 below the projected baseline.

By 2015, demonstrate a reduction in risk at Legacy Management (LM) sites and employ sound project management, engineering, and science-based solutions for LTS&M.

Goal 2

Preserve, protect, and make accessible legacy records and information

Reduce the cost to manage and store information while ensuring all regulatory and stakeholder requirements are met. Reduction is measured in cost per cubic foot per year and cost per megabyte per year. Goal is 3% reduction per year.

Goal 3

Support an effective and efficient work force structured to accomplish Departmental missions and ensure contractor worker pension and medical benefits

Reduce the cost to administer benefits to retired contractor workers while ensuring that benefits are delivered according to schedule with no interruptions. Reduction is measured in cost per person per year. On the basis of current program assumptions, goal is 1% reduction over the long term (5 to 8 years).

On the basis of current program assumptions, a draft Request for Proposal for a National Stewardship Contractor to administer retiree benefits will be developed by the end of fiscal year (FY) 2006.

On the basis of current program assumptions, a National Stewardship Contractor will be in place to deliver retiree benefits by the end of FY 2007.

Goal 4

Manage legacy land and assets, emphasizing protective real and personal property reuse and disposition

Increase the percentage of LM-managed federal property in beneficial reuse, which would reduce the cost to manage inventory of LM federal property.

Increase is measured in percentage of sites per year. Goal is 2% more sites put into beneficial reuse annually.

Disposition LM-managed federal property. Measured by the number of properties disposed of per year. Goal is five federal properties by 2010.

LM IN TRANSITION

Since standup in December 2003, LM has taken aggressive actions to critically evaluate all phases of operation to optimize organization structure, processes and procedures and to restructure and relocate our federal staff to achieve success:

- pursued and acquired authority for voluntary early retirement; twelve employees (15% of the staff) took advantage of this opportunity;
- tasked an independent outside consultant (Grant Thornton LLC) to perform a full staffing analysis to establish minimum staffing levels by function to perform the LM mission;
- reduced authorized onboard federal staffing levels from 81 to 58.
- reduced outyear Program Direction request by ~ \$3M per year and restricted hiring to fill only critical skill gaps;
- as part of efforts to focus on LM's core mission, the responsibility for the Radiological Assistance Program in western Colorado was transferred to the Office of Environmental Management (EM);
- direct reassigned (relocated) ten federal staff to place them closer to their responsibilities and our customers; included positioning personnel at or near the three major DOE closure sites.
- Closed one LM satellite office (Germantown, MD) and announced plans to close a second (Pittsburgh, PA).
- Created a team based organizational structure focussed on achieving the LM mission.

In the course of these actions, LM has reduced the federal grade structure, maintained diversity, improved sustainability, and created professional career progression opportunities for staff. Specifically, LM has:

- eliminated ten high-graded positions (\geq GS-13) and will continue to reduce the percentage of high grades from 75 percent to our HPO target of 55 percent;
- maintained diversity figures that are higher than the Department's average for every category except hispanic;
- at standup, LM's mission was vulnerable to the impact of immediate retirement; in fact, over 20 percent of the original staff has retired in the last two years. The percent able to retire has dropped from 29 percent to 19 percent; and

- LM is now in a position to provide career ladders and improve succession planning. This will afford lower graded staff with greater responsibilities and opportunities for promotion.

While these efforts have made marked improvements in LM's human capital management situation, additional steps are necessary and planned to further high performing organization implementation:

Improve the management of human capital by: adding LM's core values and performance goals to federal performance plans; improving the alignment of the federal grade structure with requirements; and, enabling succession planning using career ladders and a dedicated portion of our FTE allowance.

Reduce LM federal staffing levels to the HPO level of 58 staff by the end of FY 2007 and meet other staffing requirements through the acquisition of specific skills and experience through cost effective intra and interagency agreements.

Further reduce funding for program direction by achieving the HPO FTE goal, reducing LM's grade structure, and reducing federal travel.

Improve staffing locations and customer service by operating satellite offices at select sites and consolidating the majority of the Archives and Information Management Team in Morgantown, West Virginia.

Focus on LM's core mission by completing the transfer of certain functions/federal staff to the appropriate DOE programs (Strategic Materials and the Massie Chairs of Excellence) and the DOE Corporate Training MEO.

Use a performance-based acquisition strategy to acquire cost-effective contractors focused on performance. Continue to have most mission and support functions performed by contractors and to continually review federal operations to ensure that functions performed are not more effectively performed by contractor staff..

The HPO development process

LM conducted a self-assessment in 2005 to identify inefficiencies in the program, as well as to define ways to improve the execution of LM's mission. LM believed, and continues to believe, that establishing and maintaining an HPO will require an ongoing improvement process, not a single one-time effort.

LM's initial self-assessment began in April 2005 and was completed in December 2005. The assessment critically examined all aspects of how we conducted our business, including, but not limited to, the definition of our customers and products, the workforce skill mix, process reengineering opportunities, and organizational structure. To conduct the assessment, LM performed the following steps:

- LM established teams of supervisors and employees to examine the various aspects of the organization, including evaluations of LM's leadership philosophy, customer service, human resources, and organizational structure. Each team applied a systematic approach to identify inefficiencies in the program and to define the best methods and processes to improve the execution of LM's mission.
- The Most Efficient Organization (MEO) team analyzed options to improve LM's efficiency and developed recommendations for senior management review.
- LM senior management reviewed the analyses and recommendations and selected the recommendations to implement, as described in this report. When possible, some recommendations were implemented immediately. LM will continue to seek ways to make improvements to maintain the organization as an HPO.

Prior to the inception of LM, legacy functions were performed by the Office of Long-Term Stewardship and the Grand Junction Office (both of these were located within the Office of Environmental Management (EM) and the Office of Worker and Community Transition (WT). The Department made a decision to consolidate these functions and create a new program that focused on executing the Department's legacy responsibilities efficiently and effectively in a well-coordinated manner.

- Federal staffing was 81 FTEs authorized with \$13.0M in Program Direction. Of this, \$9.4 was allocated for salaries and benefits.
- The initial LM staff was comprised of federal EM funded employees from the National Energy Technology Laboratory (33 FTEs), EM (10 FTEs), the Grand Junction Office (16 FTEs) and the remaining 22 FTEs from the Office of Worker and Community Transition.
- Federal staff were located in Washington D.C.; Germantown, MD; Morgantown, WV; Pittsburgh, PA; Grand Junction, CO; and Pinellas, FL.
- At standup, LM had a significant skill mix problem; a top-heavy grade structure (75% of staff were GS-13 or higher); and four distinct cultures. Over 45 percent of staff were eligible for either early or immediate retirement—a significant risk to both short- and long-term success.

The baseline LM organization was authorized 81 FTE as the ceiling for FY 2005 and subsequent years. At standup, 73 positions were filled, and plans were in place to fill the eight vacancies; the approved funding profile supported the full complement of 81 FTEs. The self-assessment quickly established that filling the vacancies was not the right course of action and would result in a costly and inefficient organization.

The MEO Team systematically evaluated how the current LM program executes its business and identified areas of the LM program that need to be modified or changed to make the program more efficient and effective. More specifically, the MEO Team

analyzed what LM does (i.e., the functions it performs), where LM does its work (i.e., geographical locations), how LM executes its work, the organizational structure of LM, while evaluating its findings against the known requirements to obtain HPO certification by OMB. The MEO Team developed a “blueprint” in support of LM achieving the HPO designation, including, but not limited to, “right-sizing” the organization, developing options on a new organizational structure, developing a cost savings target, and identifying specific implementation steps.

Cost Savings

FTE’s by FY against annual year cost savings

	Fiscal Year					
	05	06	07	08	09	10
Baseline	81	81	81	81	81	81
HPO Staffing Needs	73	65	60	58	58	58
Estimated Savings	n/a	\$1.5M	\$3.1M	\$4 M	\$4.1M	\$4.2M

LM was established with an authorized FTE staffing of 81. As shown in the table above, reducing the FTE level to 58 will provide an annual program direction savings of approximately \$4 million.

Organizational Structure

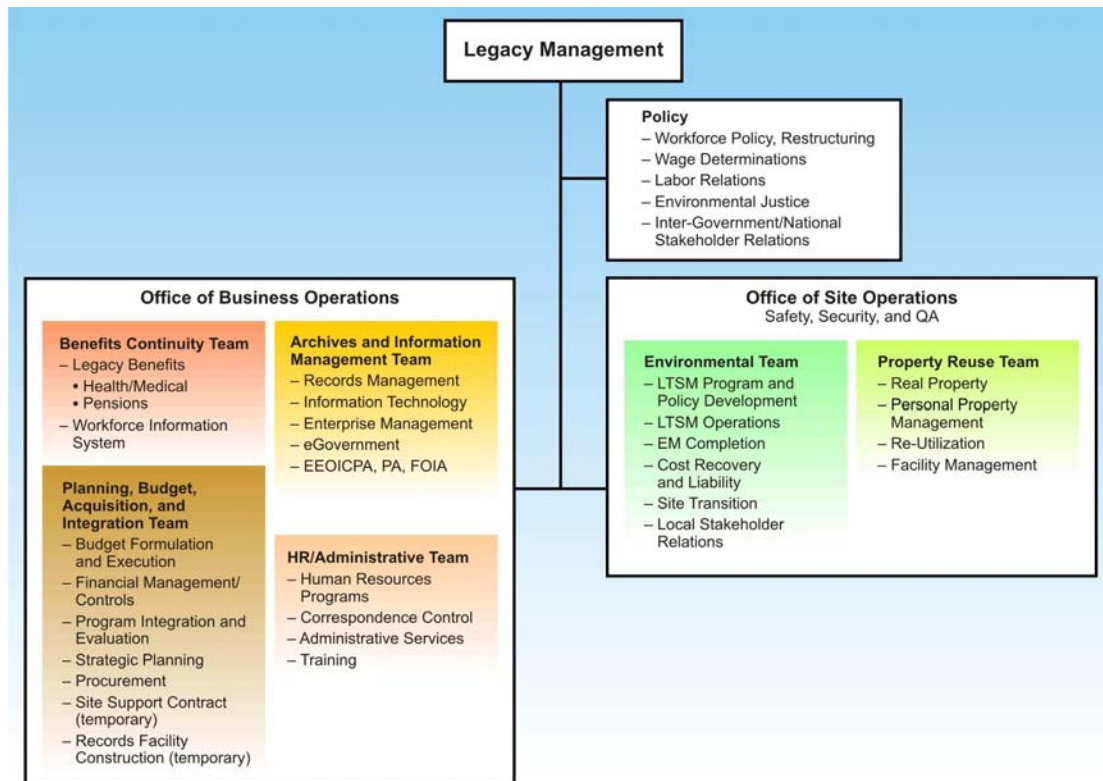
The high performance organizational structure contains two offices; four teams aligned with LM’s four goals, and administrative support teams. The organization is flatter than that of the baseline organization, encourages cross team communications and integration and improves the supervisor-to-employee ratio to 1:12 by using team leaders.

Staffing Analysis

The MEO Team systematically evaluated how the current LM program executes its business and identified areas of the LM program that need to be modified or changed to make the program more efficient and effective. More specifically, the MEO Team analyzed what LM does (i.e., the functions it performs), where LM does its work (i.e., geographical locations), how LM executes its work, the organizational structure of LM, while evaluating its findings against the known requirements to obtain HPO certification by OMB. The MEO Team developed a “blueprint” in support of LM achieving the HPO designation, including, but not limited to, “right-sizing” the organization, developing options on a new organizational structure, developing a cost savings target, and identifying specific implementation steps.

A consulting firm familiar with competitive sourcing to ensure an objective external review performed the staffing analysis. The firm developed the methodology and solicited the necessary information (e.g., workload data) from the LM Federal staff through a series of interviews.

The consultant benchmarked the cost of LM’s functions against costs of similar



functions in the private sector. The results were incorporated into the analysis conducted by the MEO Team. The recommendations developed by the MEO Team to improve the LM organization were presented to LM Management for review and approval. The final

approved recommendations are included in this report. Fifty-eight (58) FTE was determined to be the minimum staffing level required to efficiently execute the LM mission.

WORKFORCE DEMOGRAPHICS

Demographics are very different for this Headquarter organization since LM is truly a virtual organization. The majority of the employees are located in Washington, D.C., Grand Junction, CO, Morgantown, WV, and Pittsburgh, PA. There are also employees located at satellite sites in Rocky Flats, CO, Las Vegas, NV, and Cincinnati, OH. LM closed the Germantown office in April 2006 and will close the Pittsburgh office once the new Records Storage Facility is built in the Morgantown area.

Since the introduction of the HPO concept, the LM workforce has undergone extreme measures to become more efficient with less resources. The LM organization supervisor to employee ratio increased to 1:12 from 1:8 before HPO. This was accomplished through reorganization and the use of Team Leaders. Through attrition, the LM staff has dropped from 73 FTE to the current number of 55 FTE, with several vacancies to be filled by the end of 2006 to maintain our HPO staffing level commitment of 58 FTE.

Another area of change accomplished was to move our servicing personnel office to one location. Human Resource (HR) support is provided by the Human Resource Division of the National Energy Technology Center (NETL) in Morgantown, WV, as defined in a formal Agreement signed by LM-1, FE-1, and the NETL Director. Prior to this formal agreement with NETL, LM was divided and serviced by two separate HR offices; HQ ME and NETL. Headquarters HR continues to provide support for employees located in Washington, DC in the areas of Labor Relations and Employee Work-life Center. There are three union affiliations in LM; the HQ National Treasury Employees Union, the Morgantown American Federation of Government Employees Local 1995, and the Pittsburgh American Federation of Government Employees Local 1916. LM does not have HCMC authority and procurement support is provided by HQ ME-64. LM employs support staff for procurement, human resources, and administrative services under LM-10.

Grade Structure

Through the meshing of several EM organizations and the Office of Worker Transition when LM was formed, the combination of these separate entities left the grade structure of LM higher than the DOE national average as evidenced below.

LM On-Board Grade Structure FY 2004									
SES	GS-15	GS-14	GS-13	GS-12	GS-11	GS-9	GS-7	Total	Ceiling Authorized
1	17	25	13	6	2	5	4	73	81

With the inherited grade structure of the onboard workforce, it was immediately apparent that a course of action needed to be identified to more evenly distribute the grade structure of the organization. The skill gap challenge, the aging workforce and the elevated grade structure led LM to apply for buyout and voluntary early out authority (VERA). Approval of this request was received on July 28, 2004 for authority through September 2005. Twelve employees took advantage of this retirement incentive. LM's current grade structure has been reduced below the DOE national average of GS-13.

LM On-Board Grade Structure FY 2006									
SES	GS-15	GS-14	GS-13	GS-12	GS-11	GS-9	GS-7	Total	Ceiling Authorized
2	11	15	12	3	4	3	3	53	75

Aging Workforce

As shown in the two tables following, LM has reduced its average age from 52.0 to 50.7. While this is an improvement, it reflects the volume of retirements over the past two years. The tables do not indicate an increase in the number of young employees.

Age Distribution FY2004									
25-30	31-35	36-40	41-45	46-50	51-55	56-60	61-65	66-70	
0	2	7	5	17	12	14	8	3	

Age Distribution FY2006									
25-30	31-35	36-40	41-45	46-50	51-55	56-60	61-65	66-70	
0	2	5	6	13	9	11	4	3	

Diversity

In the analysis received from the DOE Office of Civil Rights, LM's percentages of women and all minority groups, with the exception of Hispanics, exceed the civilian labor force. LM exceeds DOE and the Federal employer with the highest percentage of persons with targeted disabilities. Although LM has experienced a high retirement rate over that last two years, LM has been able to maintain its minority status above 25%.

LM Diversity Structure FY2004											
Black Female	Black Male	Hispanic Female	Hispanic Male	Asian Female	Asian Male	American Indian Female	American Indian Male	Other Female	Other Male	Minority	Female
8:11%	2:3%	1:1%	2:3%	1:1%	4:6%	0:0%	1:1%	27:38%	27:38%	18:25%	36:50%

LM Diversity Structure FY2006											
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Black Female	Black Male	Hispanic Female	Hispanic Male	Asian Female	Asian Male	American Indian Female	American Indian Male	Other Female	Other Male	Minority	Female
6:12%	2:4%	2:4%	1:2%	0:0%	3:6%	0:0%	0:0%	19:37%	19:37%	14:27%	27:52%

Retirement Eligibility

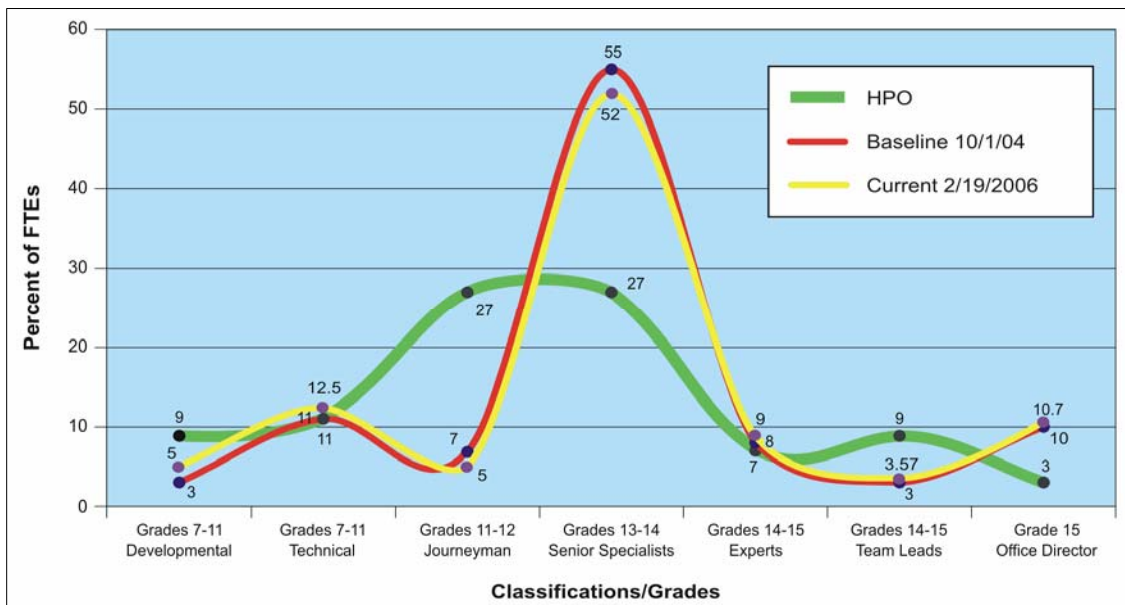
In July 2004, LM received voluntary separation incentive pay authority for up to 36 positions identified for voluntary or early retirement incentives. That amounted to 50% of the LM organization eligible for voluntary or early retirement. The incentive authority period was approved for July 2004 through September 2005. During that time LM offered two open window periods and 12 personnel took advantage of the incentive offer. An additional 4 personnel have retired since the incentive window expired. Currently, LM's retirement eligibility has dropped to 19%, well below the DOE average.

Shifting the Grade Structure to the Left

When LM was established in December 2003, staffing was accomplished by reassignment of staff from predecessor organizations and by volunteer reassignment from departmental elements. Once the organization's staffing was settled in September 2004, LM had a grade structure that was higher than what the work required. Fifty-five (55) of 72 (76 percent) of the General Schedule (GS) positions were at grades 13, 14, or 15 for an average overall LM grade of approximately 13. DOE as a whole had only 55 percent of its positions at these higher grades.

When LM was established, available employees were placed into the most appropriate positions based on qualifications and interests. This resulted in two anomalies: first, the grade of the person may not have matched the grade of the duties to be performed, resulting in the potential for either over grading or under grading. Second, LM did not have the opportunity to recruit experienced employees to match the skills needed to execute the critical mission. The *LM Human Capital Management Plan for FY 2004* clearly describes these and related issues.

As shown in the figure below, LM has made some progress within the last two years to flatten the curve. While the exact distribution of grades in the HPO will vary over time due to losses and recruitment changes, the proposed HPO curve is LM's best estimate at this time of the skills and levels needed to successfully execute the mission; it is also the target distribution towards which LM will be striving over the next several years. The improved grade structure and skill mix are expected to result in the following benefits: cost savings through lower salaries; career development opportunities to staff at lower grades; and, an improved match of grades and skills to duties should enhance morale and employee job satisfaction.



To accomplish this flattening, LM has and will continue to backfill vacancies, created by staff departures, at lower grade levels. This will allow for both career advancement for current clerical and technician staff and for recruitment of engineers, scientists, and administrative professionals at entry levels. LM will create a formal system of career ladders and grade clusters to allow for entry-level recruitment and for defined career paths. To create the ladders and clusters, LM will continue its workforce analysis to ensure the most efficient and cost-effective usage of the current workforce, as well as develop appropriate assignments for the new entry-level staff. During the next several years, LM will continue to adjust its workforce skill set to the targeted areas of expertise needed to successfully execute the LM mission.

It is feasible for LM to reach its planned average grade and skill distribution without adverse impact on current employees because of two factors:

- The average age, retirement eligibility and associated government-wide retirement statistics, and the current LM grade structure provide a reasonable expectation that a significant number of GS-13 to 15 employees will retire during the HPO implementation period.
- Position classification practices within the Federal Government base grade on the highest level of work performed on a recurring basis and which occupies a significant amount of work time. The Office of Personnel Management, in its position classification guidance, indicates that this “significant amount of time” is about 1/3, as a minimum. In practice, this has meant that higher graded duties are fragmented among several positions to support higher grades. LM has the opportunity to take advantage of this practice by analyzing the duties and tasks assigned to positions as

they become vacant and redistributing the duties to better utilize the time of higher graded employees; lower graded duties and tasks performed by those employees may then be combined into lower graded or career ladder developmental positions. This analysis and reallocation of duties will become a standard operating procedure for LM managers supported by the Human Capital Management staff.

Even with these efforts, a significant portion of the FTEs for the HPO organization will remain at the higher end of the GS grade structure. This situation will continue because of the nature of the LM mission and its intention to continue the practice of having most support functions (which the classification system grades lower than administrative or professional positions) performed by support service contractors. By careful position management, LM will ensure that the percentage of LM employees at grades 13, 14, and 15, will not exceed the percentage for the Department as a whole.

Performance Plans and Management in LM's HPO Model

When LM was established in 2003, it inherited the traditional performance management system used by predecessor organizations. In FY 2005, an outside consultant presented a two-day orientation session to the LM staff on the concept of high performing organizations and a competency based approach to performance management. As part of the self assessment, one of the employee-management teams explored the competency approach and developed a model for evaluating personal attributes required for successful performance in a dispersed, team based organization. The model requires no legal or regulatory changes, but does require issuance of the draft Performance Management Order now under review by departmental organizations and bargaining units.

The competency approach identifies key competencies in the areas of personal attributes, team participation and leadership skills, management skills, and technical skills needed for successful performance in the various LM functions and at various skill levels—entry, journeyman, expert, and senior management. Each competency and skill level matrix will identify subject matter expertise which may be gained by experience (on the job training) or formal training. Each position description will clearly define the competencies and skill levels required; each performance plan will be based on these competencies, as will each individual development plan and career ladder plan. Identification and assignment of competencies will be accomplished by the employee-management team. During an all-hands conference in the Spring of 2005, managers and employees identified the most critical competencies required in the team participation, leadership, and management skill areas. While these skill sets are applicable across the organization, LM plans to focus the technical skills competencies on those required for mission and activity accomplishment. LM plans to identify and implement the technical skills sets at the team level.

With an integrated competency based performance management system that defines grade clusters and requirements for promotion, employees and management will both have predetermined measurements which will allow all parties to understand clearly what is required for promotion and performance. The approach also allows clear definition of

required training, thus helping to ensure that limited training funds are used for current and short-term high priority training needs. Finally, the approach provides valid criteria for management to identify and plan for correcting critical skill gaps.

LM plans to implement the competency model and approach as an integrating system across all human capital systems. Each position description will contain a statement of the competencies required for successful performance at the skill level of the position. The employee performance plans will flow from the competencies required by the position; individual development plans will flow from the performance plan, and the LM training plan from the individual development plans. With an integrated system, each individual employee will know what skills and competencies are required to prepare for promotional opportunities and what level of demonstrated competencies is required for a performance award. For the managers, having a defined set of competencies for each employee will add credibility to the performance evaluation process by making the evaluation process more transparent and by facilitating consistency across evaluators, teams, and offices.

As noted, full implementation depends upon issuance of the new DOE Performance Management order. If the order is not in place prior to the establishment of the FY 2007 performance plans, LM will utilize only the personal attributes element and denote it as an “additional element”, which has zero weight in annual evaluations, as allowed by the current order and HR guidance. Should the order be issued, LM will implement all but the technical competencies element; these will be fully identified by the work teams and become part of the performance plans in FY 2008.

Training Challenges

Since standup, LM has identified critical workforce skills and skills gaps and has provided training to meet those critical needs. Employees have developed individual development plans (IDP) but the plans were not integrated into an organizational training plan. Until the HPO self-study, LM had not taken a long-term critical review of how it plans and conducts employee development efforts. As a result of the HPO self-study, LM has determined that it requires an integrated approach to training: identification of competencies, knowledges, skills, and abilities needed by grade and function to be the focus of a short term (1 year) IDP; a mid term (1-5 years) IDP to be focused on the competencies, knowledges, skills, and abilities needed for grade progression or occupational change, and a long term (5-10 years) IDP to be a guide to career planning.

LM is working toward incorporating DOE’s Training workflow process within the organization. There are several computer network issues to be resolved before LM can go ‘live’ with this training process. Another area of LM focus is on Individual Development Plans (IDP’s) for all LM employees. Employee training on developing a meaningful IDP is currently scheduled for employees during the month of September. Utilizing the DOE IDP system will enable our organization to produce training reports directly correlated to individual and group training courses. LM will identify and establish plans for critical skills training (e.g. Project Manager Development, Real Property Management) for

current and new staff in those occupational areas. LM group training courses will emphasize competency development to improve employee performance in current positions.

Succession Planning

Since standup, LM has been engaged in assimilation, downsizing, and reorganization activities. LM has no official program established for succession planning within its organization mainly due to the fact that LM has been working on processes to realign the organization into a high performance organization. At the same time, LM has had to focus on correcting its skill mix and aligning its grade structure. In our pursuit of HPO, LM has also agreed to an FTE level of 58 personnel, down from 81 FTE authorized. These organizational changes leave very little room for organized succession planning. Simply stated, we do not have the extra slots available to allow personnel to mold into leadership positions we may require in the future. LM has committed to outlining a succession program during FY2007. In the interim, when a position is vacant, LM will evaluate the following objectives before a vacant position is advertised:

- Can the position be filled from within the organization?
- Can the position be filled at a lower grade level with career ladder progression?
- Can the duties be performed by another organization?
- Can the duties be better served by contracting out?

ATTACHMENT 1: Human Capital Management Goals, Actions, and Milestones – FY 2007

GOAL 1: Integrate HCM Plan into decision-making processes; Ensure that the Plan is linked to the DOE Mission, strategy and goals, and that it designates an accountable official.

Comment: This goal results from an MA requirement for the 4th quarter HCMP report. The goal has been achieved and will be monitored quarterly during mission, budget, and staffing reviews.

Actions:

1. Integrate HCM Plan into decision making processes
 - a. Status: Complete. The HCMP is an integral part of the High Performing Organization (HPO) Report that includes a Quality Assurance Plan (Atch 2).
2. Ensure that the Plan is linked to the DOE Mission, strategy, and goals
 - a. Status: Complete. LM's linkage is located in DOE's Strategic Plan; Theme Four; Environment; Goal 4.2. This HCMP is a subset of the HPO Plan which is based on achieving the LM mission.
3. Ensure that the Plan designates an accountable official
Status: Complete.
Accountable Official: The Deputy Director, LM, is designated as the official responsible for ensuring that the HCMP is linked to mission, strategy, and goals.

Milestones FY 2007

- Review continued integration of HCMP into mission planning during quarterly reviews
 - a. Report any changes and corrective actions in the semi-annual HCMP and HPO QAP reports

GOAL 2: Demonstrate improvement in meeting hiring-time goals; Plan should address what the Program is doing to improve hiring time. Discuss auditable system for collecting and analyzing hiring data.

Comment: This goal results from an MA requirement for the 4th quarter HCMP report. The development of a tracking system is underway and is expected to be completed and implemented in the first quarter of FY 2007. Results will be reported in the periodic HCMP reports.

Actions:

1. Improve hiring time
 - a. Status: Ongoing. LM has consolidated most of its HR support at the National Energy Technology Laboratory (NETL) and designated a centralized LM HR contact to coordinate needs for the LM organization with NETL. It is expected that this centralization will improve LM/HR and intra-LM HR Communications leading to a more timely recruiting and hiring process. LM is already observing positive results from the consolidation effective in June 2006 and will report quantitative statistics in the next HCMP report.

2. Develop auditable system for collecting and analyzing hiring data
 - a. Status: Under development. LM is developing an effective system for tracking, analyzing, and reporting on hiring data parameters of interest. LM's goal is to meet or exceed OPM's 45 day requirement for hiring.

Milestones FY 2007

- Finalize and implement auditable system for tracking and analyzing hiring data
 - a. Target date: 1st quarter, FY2007
 - b. Report: with 2nd quarter FY2007 HCMP report
- Review hiring times and recruitment issues with LM managers to determine if internal processes are causing delays.
 - a. Target date: quarterly
 - b. Report: semi-annual HCMP reports
- Review hiring times and recruitment issues with NETL HRD staff to identify and put in place process improvements which would shorten recruitment time.
 - a. Target date: quarterly
 - b. Report: with semi-annual HCMP reports

GOAL 3: Significantly reduce skills gaps in mission-critical occupations:

- identify mission-critical skills, needs, no. available, & gaps
- address certification needs by level for project managers, contract, and information technology managers
- develop strategies to create workplace that attracts talent
- integrate the results of competitive sourcing & e-Gov
- identify top three organizational critical skills and discuss progress toward closure of gaps

Comment: This goal results from an MA requirement for the 4th quarter HCMP report and from the HPO Report/QAP. LM has made significant progress in addressing skill gaps identified at stand-up in December 2003 and continually throughout its short existence. LM made major strides in addressing formal certifications in the second half of FY06 (attachment #2) with one (the only one identified) employee completing the Level 1 Project Manager certification process and another one (one of two identified) completing the Level 1 IT project manager certification requirements. Additionally, another employee is completing the certification requirements for Certified Real Property Manager. LM receives its procurement support from the Headquarters procurement staff (there are two on-site Contract Specialists at the Morgantown, WV office, both of whom are certified Contracting Officers).

Actions:

1. Conduct Skills Gap Analysis

Status: Ongoing. A skills gap analysis is conducted in January of each year. Managers are provided with program guidance and organizational human capital statistics to allow the Management Team to make informed decisions and prioritizations of skill gaps.
2. Identify Skills needs and gaps

Status: Ongoing. LM has identified its critical skills needs and reviews skills gaps against available vacancies as they occur. Mission-critical skills identified and addressed in the second half of FY06 are: Leadership /Management (Environment; and Planning, Budget, Acquisition and Integration Team Leaders); one Senior Safety Officer, one entry level Project Engineer/Environmental Engineer, one IT specialist, and one financial management specialist. A Supply Management Specialist was hired on August 20, 2006.

3. Develop strategies to create a workplace that attracts talent

Status: Ongoing. LM has developed and is implementing its HPO model and Organization. LM is developing a strategy to capitalize on the HPO model in Recruitment.

4. Integrate the results of competitive sourcing and e-gov.

Status: Competitive sourcing: complete. E-gov: ongoing and under development. The process used to develop the LM HPO model was that described in OMB Guide A-76 for the development of a most efficient organization (MEO); the LM HPO model under review by OMB is that of an MEO; the model meets the MEO definition as well as the OMB HPO criteria which overlaps with the A-76 definitions. For e-gov, LM has implemented the Hummingbird records and documents management system, a wide area network, and a website. LM is currently training employees on GovTrip and working with NETL and HQ staffs on implementing WorkFlow under the Employee Self-Service (ESS) automated system.

5. Identify top three organization skills needs

Status: Complete. LM has identified the positions of Environment Team Leader, Safety Officer and IT specialist as the three most critical needs. Vacancy announcements have recently closed for Safety Officer and the IT specialist. The Environment Team Leader position was posted the week of August 28, 2006. LM has also identified a need for Realty Officers in 3-5 years to replace anticipated attrition.

Milestones FY 2007:

- Review Critical skills and gaps and reprioritize recruitment plans accordingly
Target date: January 2007
Report: 2nd quarter HCMP and HPO reports
- Finalize and implement strategies for attracting talent
Target date: 2nd quarter
Report: 4th quarter HCMP and HPO reports
- Finalize the integration of e-gov into LM systems
Target date: 2nd quarter
Report: 4th quarter HCMP and HPO reports

GOAL 4: Implement succession strategies: include executive development programs and leadership talent pool, continuously updated to assure continuity of leadership and knowledge and employee development efforts.

Comment: This goal results from an MA requirement for the 4th quarter HCMP report and from the HPO Report and Plan. Implementation of the goal is in process and will be monitored and reported upon in scheduled periodic reports. LM is developing a succession strategy and plan; since standup it has been occupied with organizational development and workforce realignment. With those necessary prerequisite tasks now accomplished, LM will finalize a succession plan that is feasible within the limitations of its HPO staffing levels.

Training needs for the LM organization to date have been determined based upon employee IDP's , DOE required training, and training for identified skill gaps. LM's training priorities for the past several years have been in the areas of PMCDP certification, IT certification, and training for skills self-identified by employees. Group training since standup has been focused on integration of employees into the new LM organization and its procedures and processes, including HPO training; for FY 2007 group training will focus on competency skills. LM is developing and implementing an Individual Development Plan (IDP) based LM Training Plan with the assistance of the DOE's Office of Enterprise Training Solutions. While these plans are not finalized, LM has taken advantage of opportunities to develop leaders for tomorrow; one Female Attorney is currently participating in the Leadership Development Program and five GS-15 employees have previously completed the Executive Development Program.

Actions:

1. Develop and implement a succession plan for LM
Status: Under development
2. Train employees on development of IDP's.
Status: Under development. Training is scheduled for September, 2006
3. Employees and team leaders/supervisors develop IDP's
Status: Under development. Development is scheduled to proceed in parallel with development of the FY 2007 performance plans
4. Training Specialist and Managers generate LM training plan
Status: Under development. Development is planned for the 1st quarter FY 2007.
5. Organization Training Plan Implemented
Status: Under development. Implementation planned for 2nd quarter FY2007 and 1st quarter FY 2008.

Milestones FY 2007

- Finalize and implement LM succession strategy and plan
Target date: 3rd quarter
Report: 4th quarter HCMP and HPO reports
- Train Employees
Target Date: September 2006
Reports: 2nd quarter HCMP and HPO reports
- Develop IDP's
Target Date: October 2006
Reports: 2nd quarter HCMP and HPO reports
- Training Plan Generated
Target Date: 1st quarter FY 2007
Reports: 2nd quarter HCMP and HPO reports
- Training Plan Implemented
Target Date: 2nd quarter FY 2007
Reports: 4th HCMP and HPO reports

GOAL 5: Implement Knowledge Management effort

Comment: This goal results from an MA requirement for the 4th quarter HCMP report and from the HPO Report/QAP. Since December 2003, LM has been working diligently toward establishing a good knowledge management and information management forum. As a virtual office with employees located at six different locations, it is imperative that LM is able to share documents regardless of location. The LM IT Team chose Hummingbird as the platform to build its knowledge management forum. The following accomplishments in the areas of information and knowledge management have been achieved since standup:

- Subject Matter Expert/Point of Contact list posted on LM Intranet and updated semiannually
- LM purchased modules and licensing software from Hummingbird in December 2003
- LM Website was created and the LM Intranet available July 2004
- LM portal completed in October 2004
- LM Hummingbird records management module to index large volumes of records transitioning to LM completed in October 2005
- LM Hummingbird document management module for filing electronic records to be completed in September 2006
- LM Hummingbird workflow module to be completed in November 2006
- LM Hummingbird correspondences tracking module to be completed in November 2006

Actions:

1. Monitor progress toward completion of information/knowledge management system

Milestones FY 2007:

- Review and report progress quarterly
Target dates: 1st quarter FY 2007
Report: 2nd quarter HCMP and CIO reports

GOAL 6: Implement strategies to address under-representation of women and minorities in all levels of the workforce, particularly in mission-critical occupations & leadership. Establish processes to improve and sustain diversity.

Comment: This goal results from an MA requirement for the 4th quarter HCMP report and from the HPO Report and Plan. While LM has a minority profile in line with department wide representation, there are areas of concern. The goal has been achieved but will be monitored and reported upon quarterly. Since the organization was formed in December 2003, LM has lost 17 personnel to retirements and 4 to transfer, a loss of 26% of the original authorized staffing level. Even given this high attrition rate, LM has been able to maintain a diversity level of 27%. It is especially noteworthy that LM has a female representation rate of 52%, far above the departmental percentage and leads the department in terms of the percentage of employees with targeted disabilities. It should be noted that LM's minority hiring opportunities have been severely restricted; LM has an HPO staffing level of 58 FTEs and is currently at that level. In addition, LM has had a limited number of minority applicants for advertised positions; very few have been referred for selection consideration. LM will work with the servicing HR offices, the Special Programs Office, and the Office of Civil Rights to expand the pool of minority candidates for LM positions.

Actions:

1. Develop and implement a strategy to address under representation and improve and sustain diversity
Status: Ongoing. LM's diversity statistics are in line with those of the department as a whole, but there is no formal diversity management plan.
2. Develop and implement strategy to improve diversity status in LM Management positions
Status: Ongoing. LM's diversity statistics for Managerial positions are identified as an area of concern and will be addressed in the LM diversity management plan.

Milestones FY 2007

- Obtain diversity management plans from other DOE elements, agencies and private industry having a similar skills mix as LM.
Target date: 1st quarter
Report: 2nd quarter HCMP and HPO reports

- Develop and implement LM diversity management plan
Target date: 2nd quarter
Report: 4th quarter HCMP and HPO reports
- Report results
Target date: Ongoing with HCMP and HPO reports

GOAL 7: Analyze & optimize organizational structures for service & cost; use redeployment & de-layering as necessary, integrate competitive sourcing & e-Gov solutions, put processes in place to address future needs for change, and highlight monetary savings or others that have resulted in these changes actions.

Comment: This goal results from an MA requirement for the 4th quarter HCMP report and from the HPO Report and Plan. This goal was completed with the issuance of the HPO Report.

Actions:

1. Provide quarterly progress reports on HPO implementation in accordance with the HPO QAP.
Status: Ongoing; first quarterly report is due in September 2006. This action will be ongoing on a quarterly basis in the HPO report and semi-annually for the HCMP reports during the life of this HCMP

Milestones FY 2007:

- Prepare and submit required HCMP and HPO reports.
Target date: 1st quarter and continuing
Reports: semi-annual HCMP and HPO reports
- Review HPO progress and make necessary decisions to remain on schedule toward meeting the FY 2008 targets.
Target date: 4th quarter
Reports: HCMP and HPO reports

GOAL 8: Link performance appraisal plans and awards to DOE mission & goals for SES, managers, and more than 60% of workforce (HQ and Field); discuss difference between various levels of performance, discuss consequences based on performance.

Comment: This goal results from an MA requirement for the 4th quarter HCMP report and from the HPO Report and Plan. This goal is complete for FY 2006. Major changes in performance management will occur in FY 2007 as allowed by the new departmental performance management system. LM has linked appraisal plans and awards to DOE mission and goals for ALL employees. Differing levels of performance are described for differing levels of responsibility and authority. In FY 2007, LM is adopting a competency based performance management system that will measure individual competency in the personal attribute element. During FY 2007, LM will develop an additional competency area – technical competency – specific to the various skill sets required for successful accomplishment of the LM mission.

Identification of critical competencies will enable targeted development activities, better recruitment, and if necessary performance based actions.

Actions:

1. Complete collation of critical competencies in the areas of personal attributes to include team work and leadership.
Status: under development. The personal attribute competency has been defined and was used in many of the FY2006 performance plans. The other competencies were identified by manager/employee teams in June 2006.
2. Generate sample performance plans for each limited and full supervisor and employees to use in developing the FY 2007 performance plan.
Status: Under development. This action is planned for September and early October 2006.
3. Put in place competency based performance plans
Status: Under development. This action is planned for October 2006
4. Perform Progress Reviews
Status: Under development. This action will be completed in accordance with the schedule contained in the new departmental performance management order.
5. Perform annual performance appraisals
Status: Under development. Performance appraisals for FY 2006 will be accomplished in October 2006; those for FY 2007 will be accomplished in FY 2008

Milestones FY 2007

- Competency areas operationally defined and sample performance plans generated
Target Date: September/October 2006
Reports: 2nd quarter HCMP report
- Competency based performance plans in place
Target Date: October 2006
Reports: 2nd quarter HCMP report
- Perform progress and annual reviews
Target Date: as required by DOE performance management order

GOAL 9: Use outcome measures to make Human Capital decisions; discuss how your program has linked HCM Plan to Program Plan(s) and Budget (FY08).

Comment: This goal results from an MA requirement for the 4th quarter HCMP report. The HPO/MEO staffing analysis described in detail in the attached LM HPO Report/QAP is an outcome-based analysis; the report details the linkage of the LM HCMP with the budget and mission parameters LM will operate under for the next several years. LM has linkage among its Strategic Plan, Program Plan, PART, FY08 budget, HPO Report and HCMP.

Actions: None; this goal has been completed

Milestones: None

Attachment 2: Quality Assurance Summary Plan

HPO Area	Goal/Action	Target	Complete/Comment
1. Improve the Management of Human Capital	Implement new Organizational Structure	May 30, 2006	■ Complete; reorganization effective June 11, 2006.
	Modify personnel Performance Plans to reflect Core Values and Goals	October 31, 2006	□ Implement on October 1, 2006; delay of 30 days is acceptable.
	Align Grade structure with requirements.	September 30, 2007	□ Average Grade level of 12.8.
	Enable Succession Planning using Career Ladders and FTE allowance	October 1, 2007	□ New position descriptions in place for all LM employees.
2. Optimize Federal Staffing Levels	Acquire Voluntary Early Retirement Authority	September 30, 2004	■ Complete. 11 federal staff (~15%) retired.
	Reduce Onboard FTE count to 60 personnel.	September 30, 2006	■ Less than or equal to 60
	Augment LM federal staff through intra and interagency agreements.	September 30, 2006	□ Agreements for procurement, realty, human resources and actuarial services in place.
	Reduce Onboard FTE count to 58 personnel.	September 30, 2007	□ Less than or equal to 58.
3. Reduce Program Direction Funding	Reduce overall Program Direction funding by \$2M from FY 2005 baseline.	October 1, 2006	□ FY 2007 Appropriations are \$11.1M or less.
	Reduce federal travel costs by \$200,000.	October 1, 2007	□ Federal travel is reduced from \$650,000 to \$450,000 for FY 2007.
	Further reduce Program Direction funding by \$500K from FY 2005 baseline	October 1, 2007	□ FY 2008 Appropriations are \$10.6M or less.
4. Improve Staffing Locations and Customer Service	Establish Offices in Denver and Southwest Ohio.	December 30, 2005	■ Complete.
	Meet federal staffing requirements for personal property, contractor benefits, and stakeholder support.	December 30, 2005	■ Complete.
	Consolidate Washington D.C. staff in the Forrestal Building.	May 30, 2006	■ LM federal office space in Germantown is closed.
	Consolidate the majority of Archives and Information Management team in Morgantown.	September 30, 2008	□ LM federal office space in Pittsburgh is closed.
5. Focus on Core Mission	Radiological Assistance Program transferred to EM	December 30, 2005	■ Complete.
	Massie Chairs of Excellence transferred to NNSA	October 1, 2006	□ Transfer effective with FY 2007 budget.
	Strategic Materials Program transferred to Office of Management	October 1, 2006	□ Transfer effective with FY 2007 budget.
6. Use a Performance Based Acquisition Strategy	Procure a performance-based incentive contract for environmental surveillance and maintenance and records management.	June 30, 2007	□ Contract in place.
	Procure a contract to oversee pensions and post-retirement benefits that reduces administrative cost.	January 1, 2009	□ Contract in place.
7. Demonstrate High Performance	Achieve “Green” status on four or more of the President’s Management Agenda (PMA) initiatives and no “Red” scores.	End of Year Evaluations for FY 2006 and FY 2007	□ Based on internal DOE evaluation of LM’s performance relative to the President’s Management Agenda. This is independent of the Agency’s overall score.
	Achieve a score of Moderately Effective or higher on the Program Assessment Rating Tool (PART).	End of Calendar Year 2007.	□ PART scoring and schedule is dependent on decisions by OMB.